HODOGAYA CHEMICAL CO., LTD.

FY2026 through FY2030

New Medium-Term Management Plan

コード2030
CODE/CHORD 2030

May 15, 2026

HODOGAYA CHEMICAL CO., LTD.
Securities code: 4112
(Prime Market of Tokyo Stock Exchange)

Your Dream is Our Business

Introduction

2026 will mark the 110th anniversary of Hodogaya Chemical's founding.

The Hodogaya Chemical Group aims to achieve a sustainable global environment and society through our daily activities based on the unwavering Management Philosophy, the Purpose that is our reason for existing, and our Vision of our targeted corporate image.

With deep determination to balance the pursuit of economic value and solutions to social issues, providing value to all stakeholders, the Group will press forward as one to create our future with our own hands for the next 100 years.

Management Philosophy

**Through constant innovation of chemical technology,
we will provide high-quality products and services throughout the world
and contribute to the creation of an environmentally conscious society.**

PURPOSE

Your Dream is Our Business

VISION(Target Corporate Image)

**"Refining Originality, Co-creating the Future:
With our pioneering DNA of Honpo Koshi, we create value and turn dreams into reality"**

※ Honpo Koshi : Rather than following in the footsteps of others' success, we always stay one step ahead of others and boldly take on new businesses. We ourselves become the first arrow (the pioneer).

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Position of the New Medium-Term Management Plan "CODE/CHORD 2030"

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Your Dream is Our Business
110 Since 1916 110th Anniversary

- Based on the results of the previous medium-term management plan "SPEED 25/30 (Phase 1)", we have launched "CODE/CHORD 2030" as a completely new Medium-Term Management Plan for the next five years, rather than proceeding to "Phase 2," which would merely be an extension of the existing plan.
- The five-year period is divided into a "three-year transformation" followed by a "two-year harvest," and will embark on strategic investment to achieve discontinuous growth.

FY2021 through FY2025

SPEED 25/30 (Phase 1)

Net sales, excluding changes in accounting standards, were generally on target, driven by growth at SFC, but operating profit was significantly below the target due to increased fixed costs associated with CAPEX for business growth and enhanced R&D

Major issues: Lack of portfolio diversification due to delays in establishing the second and third pillars after OLED business, combined with limited profit contribution from new products

FY2025
Net sales: 48.0 billion yen
Operating profit: 3.7 billion yen
ROE: 6.0%

* Quantitative targets
Net sales: 50.0 billion yen
Operating profit: 7.5 billion yen

FY2026 through FY2030

New Medium-Term Management Plan "CODE/CHORD 2030"

FY2026 through FY2028	FY2029 through FY2030
Three-Year Transformation	Two-Year Harvest

Key Measures

- **Change investment paradigm**: Prepare "vessels" first (versatile and expandable facilities) to capture opportunities resolutely
- **Promote co-creation**: Accelerate implementation of "buying time" strategy (M&As and tie-ups, co-creation with external research institutions, patent strategy, etc.)
- **Use original technologies to expand into new business domains**: Nucleic acid medicine CDMO business, semiconductor materials business, etc.
- **Strengthen three-pronged approach**: Accelerate value creation through enhanced collaboration across R&D, production, and sales
- **Decisive measures for unprofitable businesses**
- **Global environmental conservation**: Reduce CO_2 emissions volumes and industrial waste
- **Promote human capital management**: Implement programs and initiatives to increase engagement
- **Strengthen shareholder returns**: Ongoing dividend increase → Targeting DOE of at least 3.0% by FY2030 via progressive dividend policy

FY2028
Net sales: 65.0 billion yen
Operating profit: 6.5 billion yen
ROE: 6.0%

FY2030
Net sales: 80.0 billion yen
Operating profit: 10.0 billion yen
ROE: 8.0%

Envisioning Net sales 100 billion yen from FY2031

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1. Review of the Previous Medium-Term Management Plan “SPEED 25/30 (Phase 1)”

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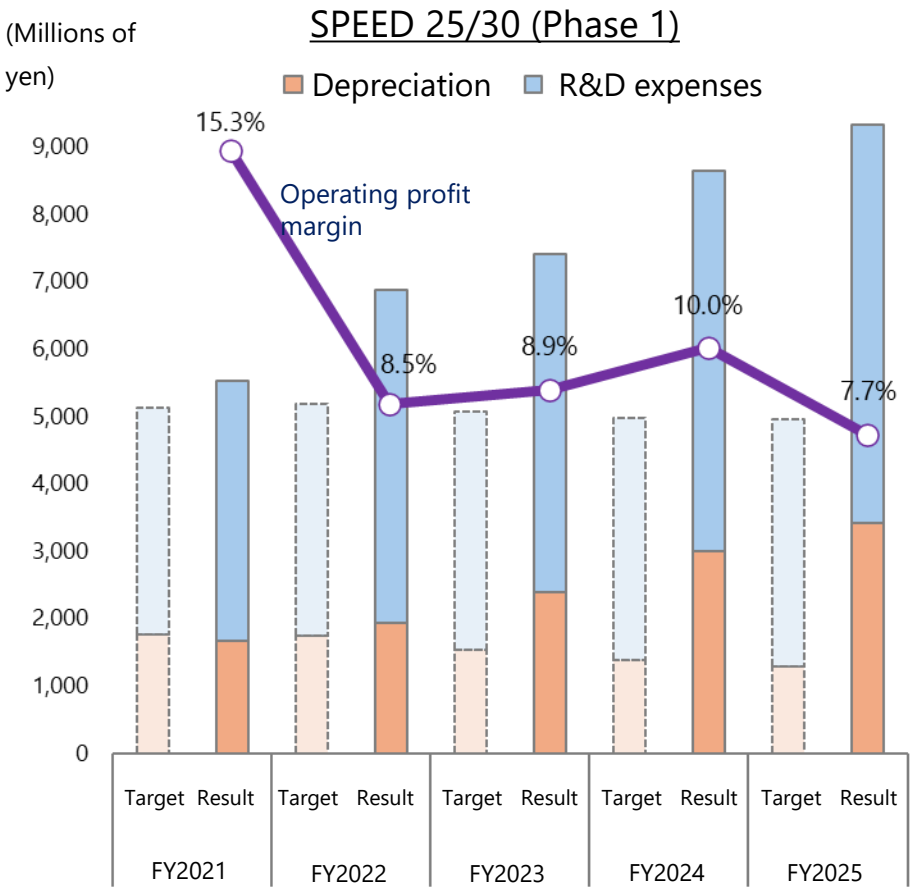
Review of Financial Targets

- Under “SPEED 25/30 (Phase 1),” results fell short of quantitative targets, with a particularly large shortfall in operating profit at 49% of target.
- The increase in CAPEX and R&D for business growth, particularly in the OLED business, was larger than initially planned, depressing the profit margin.

FY2025	Initial target when SPEED25/30 (Phase 1) was formulated	Results	Achievement vs. target
Net sales	50 billion yen	48 billion yen	96.0%
Operating profit	7.5 billion yen	3.7 billion yen	49.3%
Operating profit margin	15.0%	7.7%	-7.3 pt
ROE	9.0%	6.0%	-3.0 pt



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Review of Qualitative Evaluation

Basic strategy

Hodogaya Chemical Group's "target figure" to be achieved by FY2025

	Initiatives	Results and issues
Strengthening operations A well-constructed business portfolio	• Generating sustainable Group growth in both strategic businesses and core businesses • Advancing "select and focus" strategy to build a new portfolio	• As a key growth engine, the Functional Colorants business delivers high growth and profitability, driving the Group's free cash flow generation. • Other businesses are not showing growth in proportion to investment amounts, and drastic measures are required at the Specialty Polymers segment in particular.
Expanding our sphere of activity Continuing to create new products for the global market	• Promoting technical innovation for strategic businesses and contributing to business expansion • Quickly commercializing development themes • Continually generating R&D topics to expand into new fields	• Proactively investing in capital and R&D expenditures for business growth • Timely response to market changes (customer needs): Market launch of environmentally friendly aluminum coloring dyes (being applied for aluminum bodies of smartphones, etc.). • In addition to delays in commercializing new products, stagnant growth at existing businesses makes new business creation an urgent issue.
Higher efficiency Achieving high productivity	• Completing system to quickly launch new products • Conducting secure, safe production of environmentally friendly products with extremely high productivity • Promoting DX, raising operational efficiency	• Carrying out capital investment to build stable production structure. • From perspective of return on equity, depreciation is depressing operating profit margin and leading to shortfall from 9.0% ROE target. • Optimizing asset portfolio to improve ROE is an urgent issue. • Increased productivity, creation of added value and new value through accelerated digital transformation are needed.
Employees' point of view Improving job satisfaction	• Improving job satisfaction, promoting diversity, promoting health and productivity management and workplace safety and health, respecting human rights	• Introduced employee stock benefit trust (J-ESOP) and expanded scope of eligibility to all employees to boost motivation and morale for higher share price and business performance. • Enhancing employee engagement (introduced engagement measurement tools and following improvements)
Social point of view Contributing to the achievement of SDGs and realizing environmental friendliness	• Promoting initiatives to protect and improve the global environment • Responding to the advent of social value	• Established sustainability promotion structure, disclosing climate change-related information based on TCFD, etc. • Introduced internal carbon pricing (ICP), introduced CO_2-free power sources at factories and research laboratories. • Improved ESG evaluation score (FTSE Russell score) to 3.5 from 2.7.
Shareholders' point of view Maintaining a stable dividend over the long term	• Delivering stable, consistent, and appropriate returns with a focus on dividend on equity ratio (DOE) • Further improving financial soundness	• Increased dividends for five consecutive years while maintaining financial soundness. • At the same time, formulation and release of cash allocation policy (optimization of investments, returns and liabilities) to back quantitative targets is needed to make optimal use of internal reserves and increase ROE.

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Review of Performance Trends by Business Segment

- Lack of portfolio diversification due to delays in establishing the second and third pillars after OLED business (Functional Colorants)

Segments	(Billions of yen)	FY2021	FY2022	FY2023	FY2024	FY2025	Targets	Review comment
Functional Colorants	Net sales	17.58	17.99	21.23	25.14	26.04	22.50	Sales are growing at the OLED materials business and dye materials business. Operating profit fell short of target on higher depreciation and R&D expenses.
	Operating profit	4.59	2.60	3.19	3.83	3.51	5.00	
Specialty Polymers	Net sales	10.76	11.58	8.34	8.45	7.70	11.80	Solid results at specialty chemicals business. On the other hand, significant impact from weak market conditions led to third consecutive operating loss at polymer materials business.
	Operating profit	0.88	0.86	(0.09)	(0.05)	(0.58)	1.40	
Basic Chemicals	Net sales	6.75	7.15	7.84	7.51	7.25	7.00	Despite FY2022 operating loss from higher raw material and fuel prices, results basically recovered to the planned level from passing on costs, improving cost efficiency, etc.
	Operating profit	0.29	(0.57)	0.20	0.41	0.32	0.40	
Agro-Science	Net sales	4.83	4.62	4.94	5.51	5.10	6.50	Sales growth in agricultural materials was less than anticipated, with earnings further depressed by costs for reevaluation regarding pesticide registration.
	Operating profit	0.33	0.45	0.37	0.30	0.06	0.50	
Logistics	Net sales	1.78	1.87	1.70	1.78	1.77	2.00	Net sales fell short of the target, but operating profit was successfully secured due to growth in the ISO tank container storage business and price pass-throughs.
	Operating profit	0.29	0.34	0.25	0.35	0.36	0.20	
Total (including Others)	Net sales	41.88	43.32	44.26	48.58	48.04	50.00	
	Operating profit	6.42	3.70	3.95	4.87	3.71	7.50	

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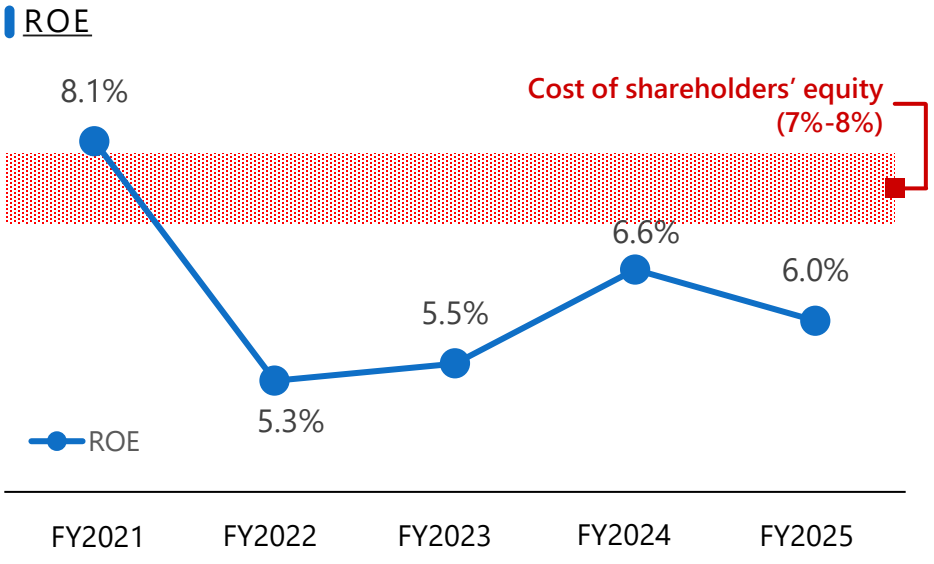
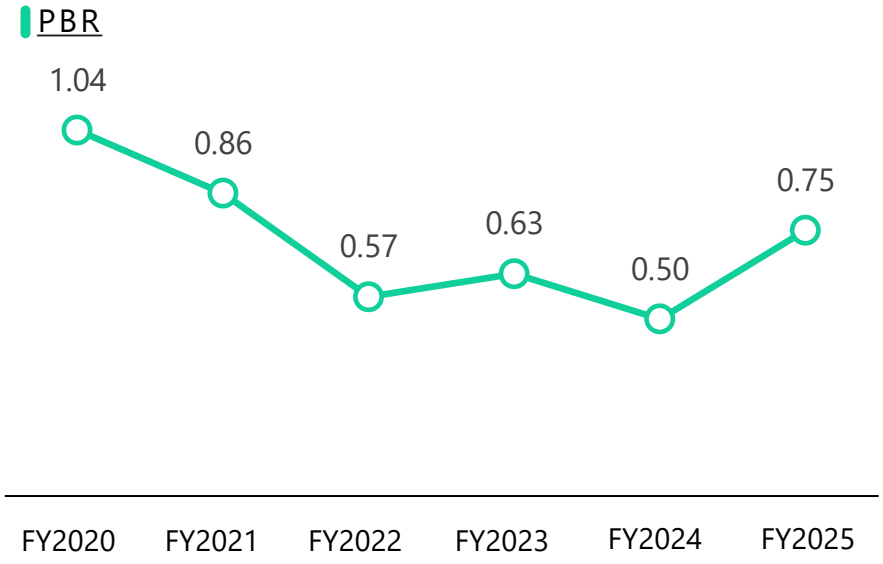
Trends in ROE, Cost of Shareholders' Equity and PBR, Key Issues, and Priority Initiatives

- Urgent Need to Restore Market Valuation: Quickly achieve ROE in excess of cost of equity





Priority initiatives under new medium-term management plan for enhancing shareholder value

New quantitative targets
ROE 6.0% (FY2028)
ROE 8.0% (FY2030)

Business portfolio management

- Improving profitability through decisive measures for unprofitable businesses and profit maximization in core businesses
- Strengthening business through M&As, tie-ups, etc.
- Increasing investments for growth through new product development, entry into new business domains, etc.

Balance sheet management

- Executing leveraged investments based on optimal equity
- Bolstered shareholder returns (FY2028: progressive dividend; FY2030: DOE of at least 3.0%)
- Optimization of asset held

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2. New Medium-Term Management Plan “CODE/CHORD 2030”

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New Medium-Term Management Plan

- The Plan covering five years FY2026 through FY2030
- As previously noted, a completely new plan rather than Phase 2 extension of previous one
- In addition, execute resolute strategy including discontinuous growth during the first three years, before transitioning to a harvesting stage

Name of the New Medium-Term Management Plan

コード2030
CODE/CHORD 2030

CODE (Code of conduct)	Common rules to return to when in doubt in order to win. Standards of conduct for professionals who act autonomously and take responsibility for results.
CHORD (Chords and harmonies)	Diverse personalities overlap and resonate with originality. Maximize the value of co-creation through the harmony of a rich corporate culture that is both flexible and strong.
SIGNAL (Signaling)	When you hear the word "CODE/CHORD 2030," it is the call to action for transformation that enables everyone to step forward collectively toward the same goal.

-Year Transformation
FY2026 through FY2028

- Bold structural reform and portfolio transformation
- Sowing seeds for the future and reallocating resources
- Mechanisms to achieve discontinuous growth

Two-Year Harvest
FY2029 through FY2030

- Maximizing the results of transformation and sowing seeds
- Establishing a highly profitable structure

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New Medium-Term Management Plan

Business strategy

- **Shift to business strategies and management that effectively use leverage: "Refining Originality, Co-creating the Future"**
  - ✓ Change investment paradigm and promote co-creation to support discontinuous growth, accelerate implementation of "buying time" strategy
    - Prioritize investment with a sense of speed, prepare "vessels" first (versatile and expandable facilities) to capture opportunities resolutely
    - Accelerate strategic alliances and M&A: Acquire proven management resources to "buy time" for business launches and rapidly establish a market position in the relevant business domains
    - Use open innovation in R&D: Co-creation with external research institutes, etc.
    - Strategic patent strategy, license acquisition: Utilize outside resources for speedy commercialization, diversified approach to promising technological areas, etc.
  - ✓ Develop new business domains: Apply our own technologies developed across our businesses to date and incorporate external resources for nucleic acid medicine CDMO business, semiconductor materials business, etc.
- **Strengthen three-pronged approach: Accelerate value creation through stronger cooperation across R&D, production, and sales**

Financial strategy

- **Achieve ROE in excess of cost of shareholders' equity**
  - ✓ Drastic measures at unprofitable businesses
  - ✓ Implement capital policies that balance capital efficiency and growth: Optimize assets portfolio (including cross-shareholdings)
  - ✓ Strengthen shareholder returns: DOE of at least 3.0% by FY2030 through shift from continuous dividend increases to progressive dividend policy

Non-financial strategy

- **Sustainability/ESG initiatives**
  - ✓ Global environmental conservation: Reduce CO_2 emission volumes and industrial waste
  - ✓ Promote human capital management: Implement programs and initiatives to increase engagement
  - ✓ Contribute to local communities: Deliver continuous returns on social capital utilized
  - ✓ Enhance Group governance: Strengthen risk management and BCP systems

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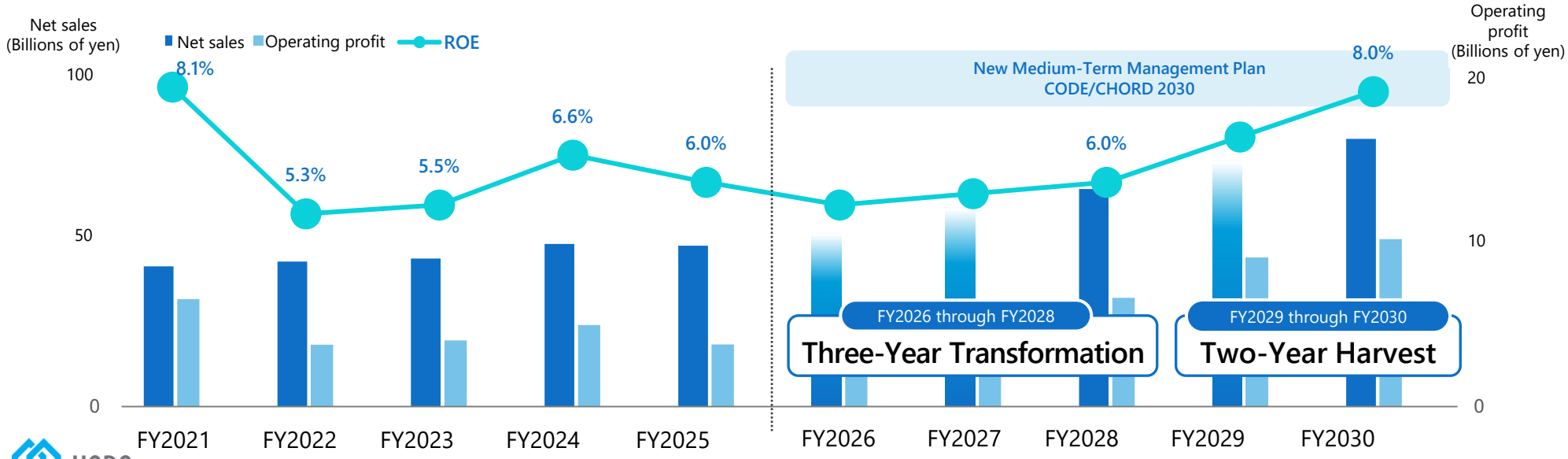
New Medium-Term Management Plan's management indices

Quantitative KPIs	FY2025 (Results)	FY2028 (Targets)	FY2030 (Targets)
Net sales	48 billion yen	65 billion yen	80 billion yen
Operating profit (Operating profit margin)	3.7 billion yen (7.7%)	6.5 billion yen (10.0%)	10 billion yen (12.5%)
EBITDA	7.1 billion yen	13 billion yen	17 billion yen
ROE	6.0%	6.0%	8.0%
Equity ratio	60.8%	Around 50%	Around 45%
Shareholder return policy	5-year dividend growth streak (DOE 1.6%)	Progressive dividend policy	DOE 3.0%



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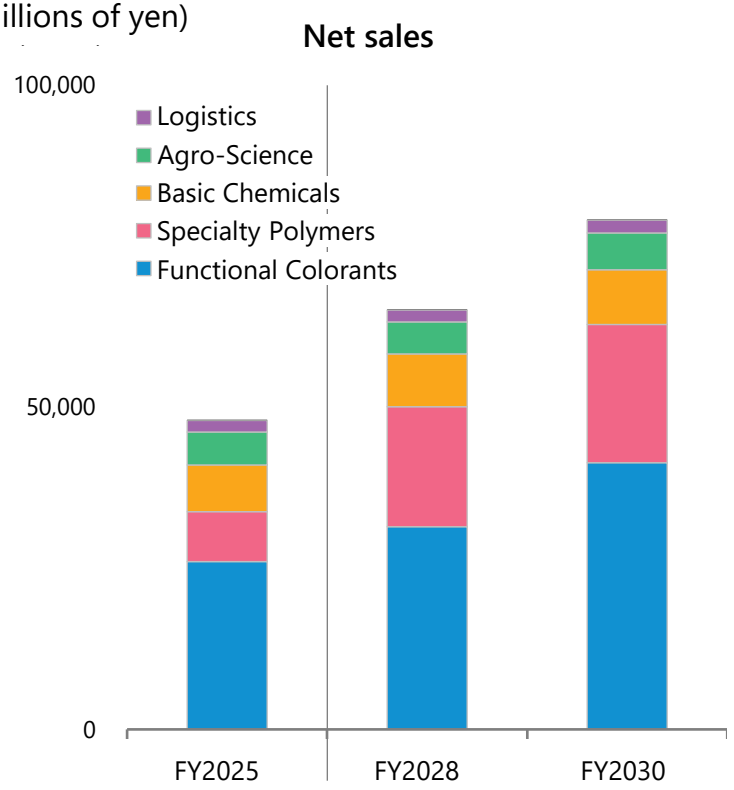
Five-Year Growth Strategy

- Secure stable earnings drivers in core areas while proactively investing in the Functional Colorants segment as a growth business
- Aim to achieve profitability quickly within the Plan period in the Specialty Polymers segment while developing new, discontinuous business areas including nucleic acid medicine CDMO and semiconductor materials

(Millions of yen)



Segments	Focus businesses
Functional Colorants	OLED Materials (Core) Dye Materials (Core + Discontinuous for new domains) Bio -- Diagnostic Oligo (Core) Bio -- Nucleic Acid Medicine CDMO (Discontinuous for new domains) Semiconductor Materials (Discontinuous for new domains)
Specialty Polymers	Specialty Chemicals (Core + Discontinuous for new domains) Polymer Materials (Core + Strategic review)
Basic Chemicals	Hydrogen Peroxide (Core + Discontinuous for new domains)
Agro-Science	Agrochemicals: Herbicide (Core) Agricultural Materials: Peroxide Materials (Core)
Logistics	ISO Tank Container Storage (Core)

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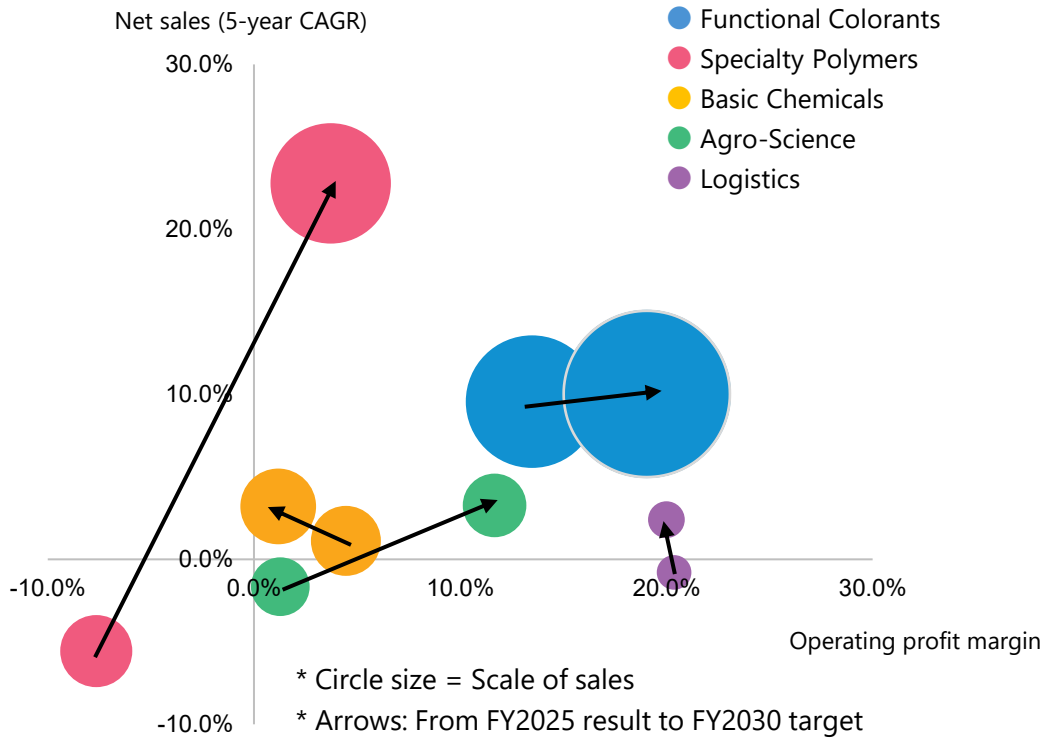
Business Segment Trends

- In the Functional Colorants segment, driven by steady growth in OLED materials, both net sales and operating profit expanded through the growth of aluminum coloring dyes and the commercialization of high-performance colorants. Furthermore, leveraging our proprietary technologies accumulated in this business, we are expanding into new areas such as nucleic acid medicine CDMO and semiconductor materials.
- The Specialty Polymers segment has utilized cross-border M&A to expand product lineup and drive business growth, anchored by strengthening of the specialty chemicals (phosgene derivatives) business.

Targets by segment (Billions of yen)		FY2025 Results	FY2028 Targets	FY2030T argets
Functional Colorants	Net sales	26.1	31.0	42.0
	Operating profit	3.5	5.3	8.0
Specialty Polymers	Net sales	7.7	19.0	21.5
	Operating profit	(0.6)	0.2	0.8
Basic Chemicals	Net sales	7.3	8.0	8.5
	Operating profit	0.3	0.1	0.1
Agro-Science	Net sales	5.1	5.0	6.0
	Operating profit	0.1	0.5	0.7
Logistics	Net sales	1.8	2.0	2.0
	Operating profit	0.4	0.4	0.4
Total (including Others)	Net sales	48.0	65.0	80.0
	Operating profit	3.7	6.5	10.0

Portfolio direction by business segment



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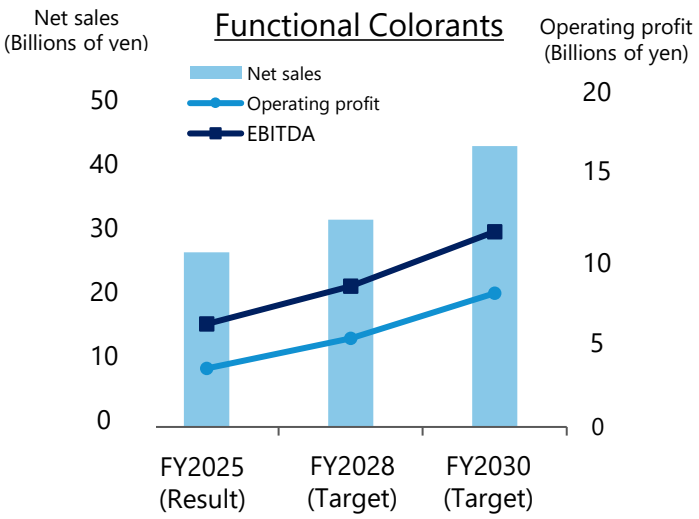
Functional Colorants Segment

OLED Materials and Advanced Device Materials Businesses

- Emitting materials, transport materials, capping layer materials
- Bio materials (oligonucleotide synthesis)
- Imaging materials for copier toner
- Dyes for color filters
- Semiconductor materials (resist materials)

Colorants Business

- Aluminum coloring dyes
- Stationery dyes
- Dyes for hair color treatment
- Natural dyes (for food and industrial use)

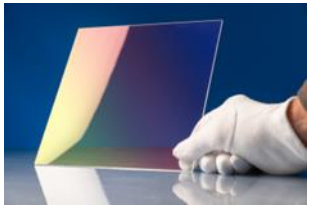


Growth strategies

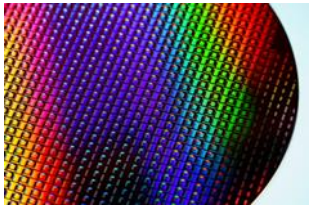
OLED Materials [Existing]	• Capture growing demand from larger panel sizes and multi-layer structures, driven by expanding OLED applications* Also broaden customer base *Expanding adoption from smartphones to tablets, laptops, monitors, etc.
Colorant Materials [Existing] [Discontinuous]	• Strengthen supply structure and accelerate development through capital investment for aluminum coloring dyes, etc., to expand demand beyond aluminum bodies for smartphones, etc. to include automotive and other uses • In contract synthesis for highly functional colorants, establish new business models in fields including optical materials
Bio [Discontinuous]	• Apply oligonucleotide synthesis technologies to pharmaceuticals, cooperate with established companies in the pharmaceutical field to enter "nucleic acid medicine CDMO business (GMP: Good Manufacturing Practice)"
Semiconductor Materials [Discontinuous]	• Apply refining technologies, etc. developed in OLED materials to semiconductor materials • Develop new business domains including through tie-ups with other companies











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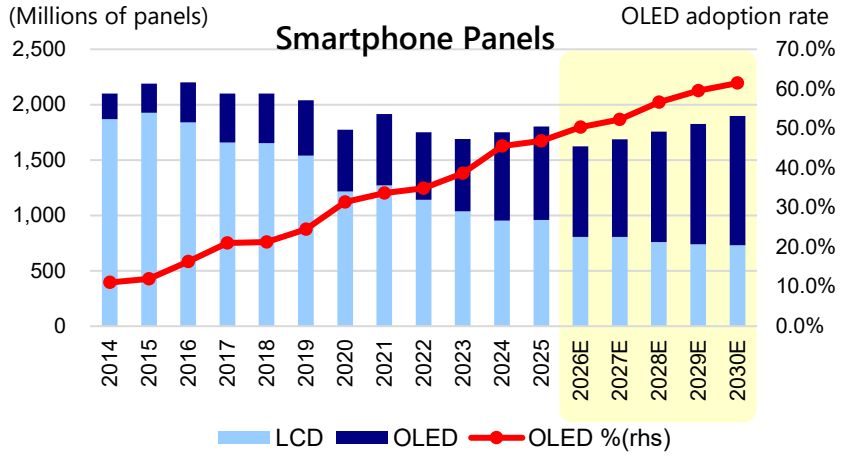
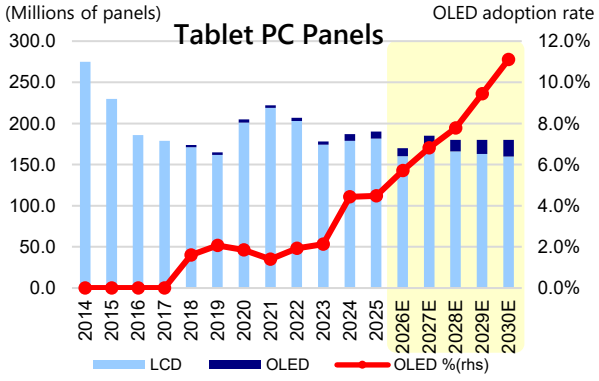
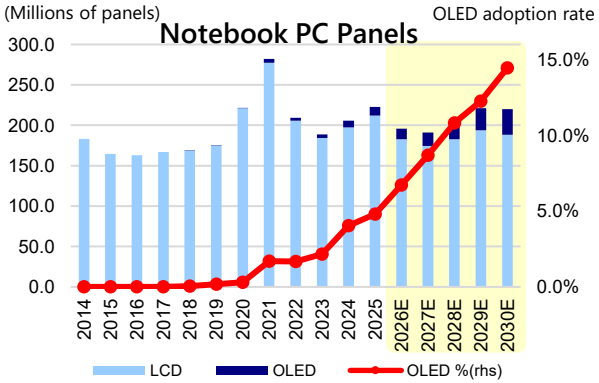
OLED Panels: Market Trends

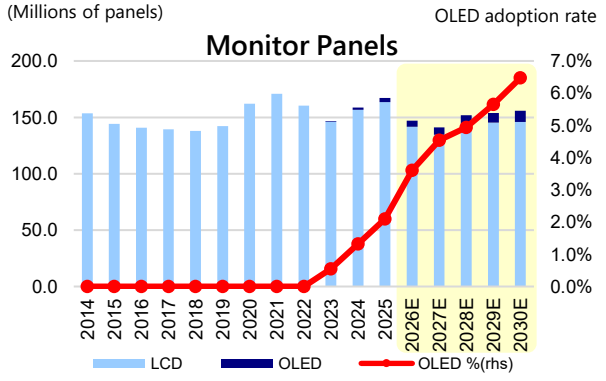
Market prediction: Estimated adoption rate of OLED panels vs. LCD panels

- In the smartphone market, panel demand is expected to expand again from 2026, which, along with an OLED adoption rate above 50%, is seen establishing OLEDs as the main device, surpassing LCDs.
- Also, in the areas of tablets, laptops, and other IT devices, with a full-scale shift to OLED against a backdrop of demand for high-resolution, highly functional (flexible, etc.) panels, OLED is seen entering a medium- to long-term growth phase.









＊Source (data and graphs): Equity Research Dept., Mizuho Securities Co., Ltd.

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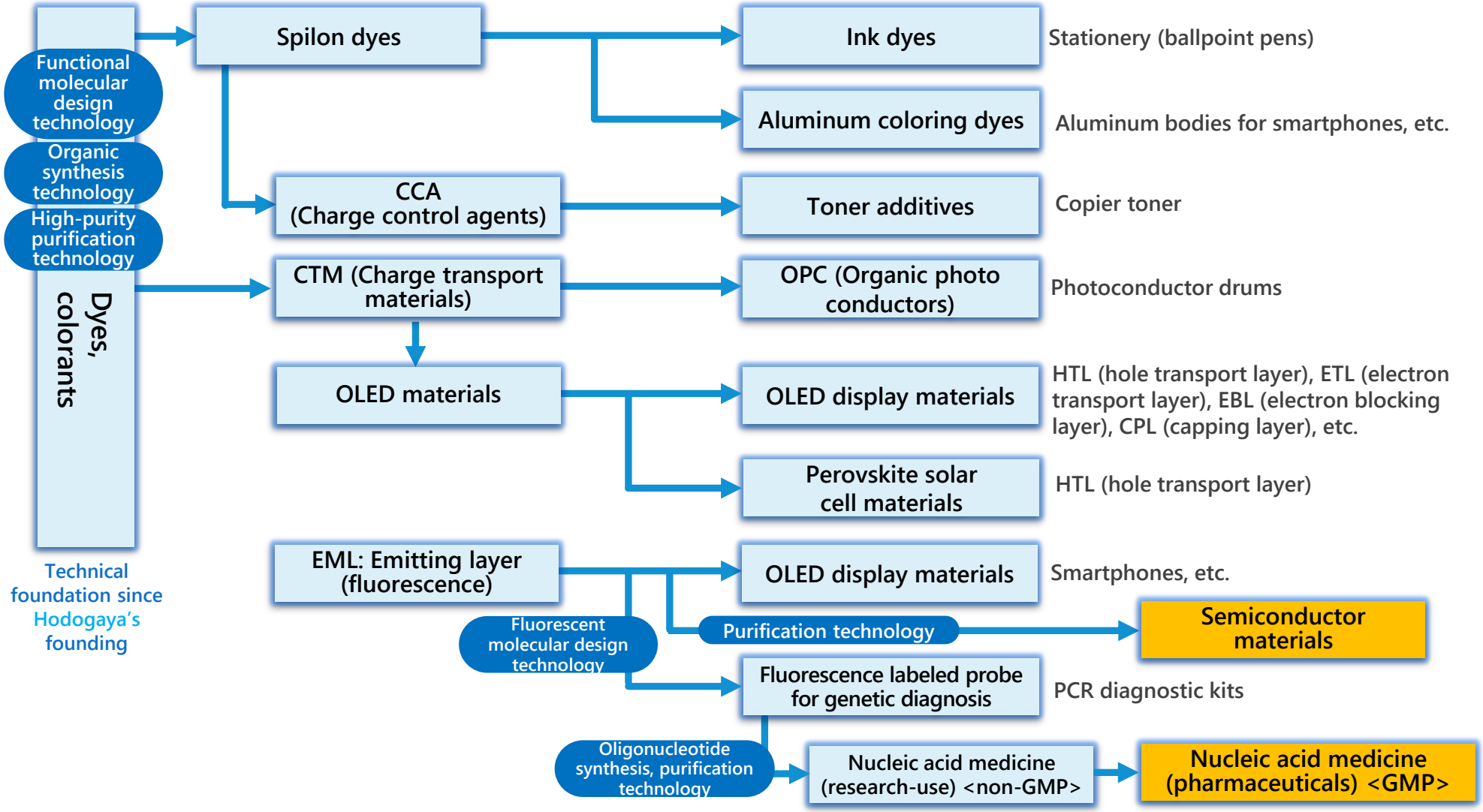
Functional Colorants Segment Growth Strategy: Applying Technologies to Grow and Strengthen the Business



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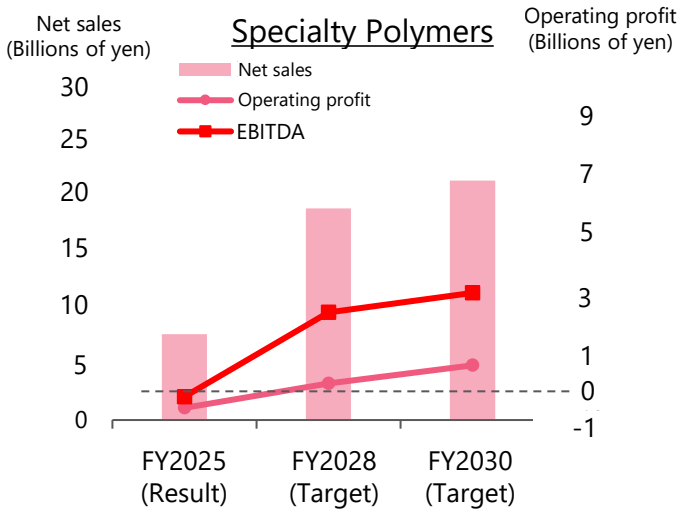
Specialty Polymers Segment

Functional Polymers & Specialty Chemicals Business

- Functional polymers: Urethane materials (PTG, BIO-PTG, PTG-SOFTENA, etc.)
- Specialty chemicals: Phosgene derivatives (Intermediates for pharmaceutical, functional polymers and electronics)
- Adhesives
- Release agents

Construction Materials Business

- Waterproof materials for civil engineering and construction (urethane based)
- Waterproofing and leak-plugging work



Growth strategy

Polymer Materials [Existing]	• Revive and resell PTG-L, a globally unique product with superior properties for soft spandex (elastic fibers) • Return the overall polyol business to profitability
Specialty Chemicals [Existing] [Discontinuous]	• Further strengthen the phosgene derivatives business using the unique technologies, rigorous safety management, etc. that Hodogaya Chemical has built up over 100 years • Establish global niche top position in the global market through acquisition of Framochem of Hungary (making it a wholly owned subsidiary)

Cross-border M&A

* Timely disclosure on March 27, 2026

Acquisition of equity interests in Framochem Francia-Magyar Finomkemiai Kft. (Hungary), making it a wholly owned subsidiary

- Acquisition price: approx. EUR 87 million
- Ownership after transfer: 100%
- Date of equity transfer: Second Quarter of FY2026 (Tentative)

* www.hodogaya.co.jp/english/wp/wp-content/uploads/2026/03/20260327E.pdf









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M&A: Acquisition of Framochem Francia-Magyar Finomkemiai Kft.

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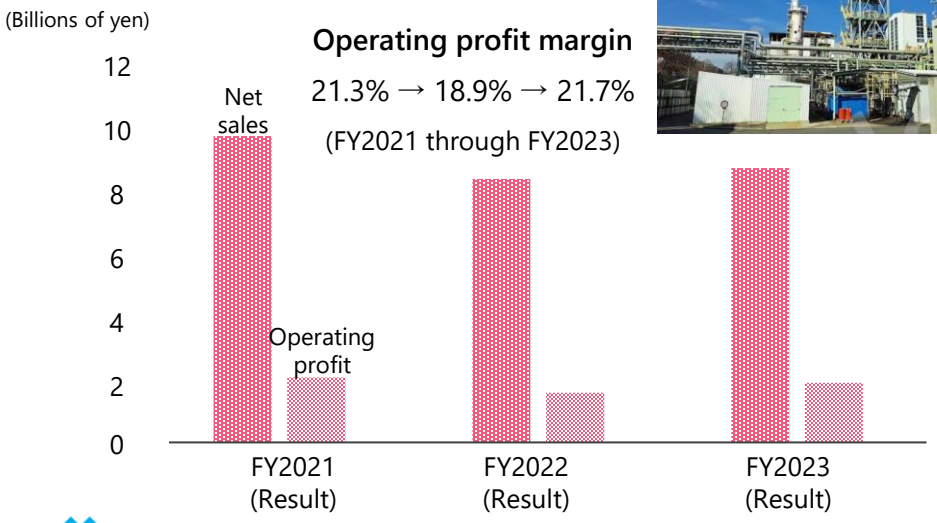
1) Overview of the acquired company

Name:	Framochem Francia-Magyar Finomkemiai Kft.
Address:	Kazincbarcika, Szerviz út 5. Hungary
Business:	Manufacturing, sales, and R&D of chloroformates, isocyanates, acid chlorides, carbonates, and other fine chemicals
Number of employees	131 (as of December 31, 2024)
Strengths	Europe's leading technological capabilities for manufacturing and sales of active pharmaceutical ingredients (APIs), intermediates, and fine chemical products, primarily using phosgene as a raw material

2) Business performance trends





3) Overview of acquisition

- **Framochem:** Chemical manufacturer established in Hungary in 1992. Has been working closely with Hodogaya for many years in various phosgene-derivative markets, has strong technological capabilities and customer base
- **Phosgene's properties:** Essential reactant for manufacturing processes of polymer materials, pharmaceuticals, agrochemicals, etc. A substance that demands rigorous safety management and advanced professional expertise
- **Hodogaya Chemical's strengths and track record:** Since beginning manufacturing in 1926, accumulated unique phosgenation technologies over 100 years. Develops high value-added specialty chemicals for pharmaceuticals, cosmetics, etc.
- **Strategic significance of acquisition:** Acquiring a European hub in a key demand region will establish a global supply network alongside our strengthened domestic production base. Leveraging synergies such as cross-selling, we will solidify our position as a global niche leader.

Contribution to the medium-term management plan's quantitative KPIs

- ✓ Framochem is a company with stable, high profitability with operating profit margin above 15%.
- ✓ Acquisition will contribute to improvement of Hodogaya's capital efficiency and ROE.

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Specialty Polymers Segment Growth Strategy: Strengthen Specialty Chemicals Business through M&A

化学で夢のお手伝い
Your Dream is Our Business

110 Since 1916 110th Anniversary

Japan
Shunan City, Yamaguchi Pref.

Hodogaya Chemical

Phosgene
Chlorine
Carbon monoxide

Phosgene derivatives

- Chloroformates
- Octadecyl isocyanate
- Carbonyldiimidazole
- Methacrylic acid chloride

Raw materials for polymerization initiators, raw materials for pharmaceuticals and agrochemicals	Polymers, pharmaceuticals, agrochemicals
Raw materials for release agents and water repellents	Adhesive tape, paper manufacturing, fibers
Dehydrating condensation agents for pharmaceutical use	Pharmaceuticals, biotechnology
Polymer raw materials for photoresists	Semiconductor resists

Supplying to wide range of industries as important intermediates

Acquisition (wholly owned subsidiary)

Leveraging stable demand and high entry barriers driven by rigorous safety management and advanced expertise, we will establish a global niche top position via a dual-hub model in Japan and Europe.

Hungary
Kazincbarcika

Framochem

Phosgene
Chlorine
Carbon monoxide

Phosgene derivatives

- Chloroformates
- Isocyanates
- Acid chlorides
- Carbonates

Raw materials for polymerization initiators, raw materials for agrochemicals and pharmaceuticals	Polymers, agrochemicals, pharmaceuticals
Dehydrating agents	Specialty materials (paints, adhesives)
Raw materials for polymers, pharmaceuticals, and agrochemicals	Polymers, pharmaceuticals, agrochemicals
High-purity solvents and polymer raw materials	Polymers, pharmaceuticals

Supplying to European mega-pharma and major chemical companies

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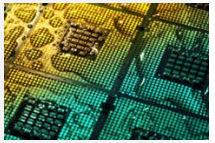
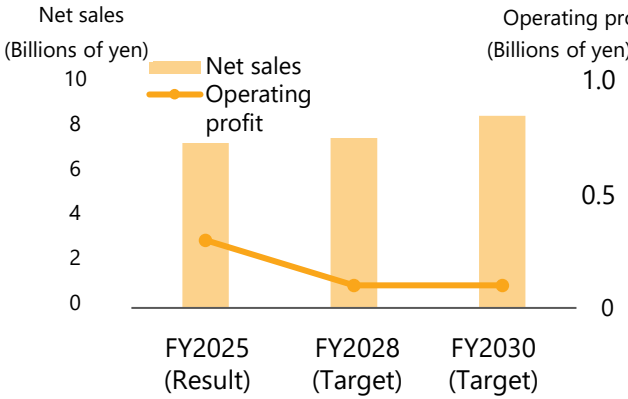
Basic Chemicals, Agro-Science, Logistics Segments

Basic Chemicals Segment

Peroxide Business

- Hydrogen peroxide
- Sodium percarbonate
- Peracetic acid (disinfectant agents, food additives)
- Industrial chemicals





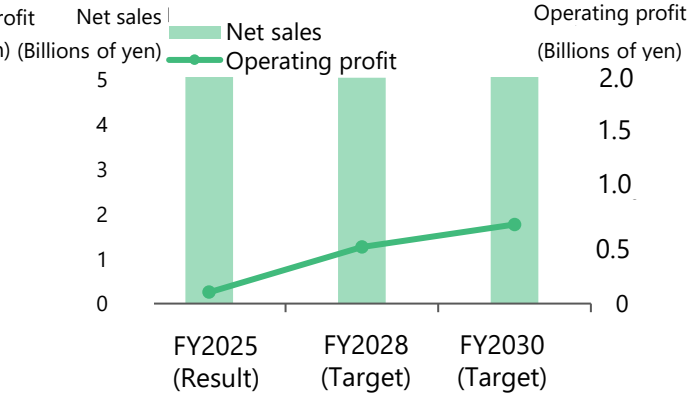
- Main uses of hydrogen peroxide shift from paper pulp to semiconductors. To meet demand for high-purity hydrogen peroxide in western Japan, build a stable supply structure by installing new facilities, etc. at Nanyo Plant [discontinuous]
- Launching new peroxides as hydrogen peroxide derivative products to expand applications from agricultural materials (oxygen supply materials) to industrial usage

Agro-Science Segment

Agrochemicals and Agricultural Materials Businesses

- Herbicides
- Pesticides
- Fungicides
- Agricultural materials (oxygen supply material





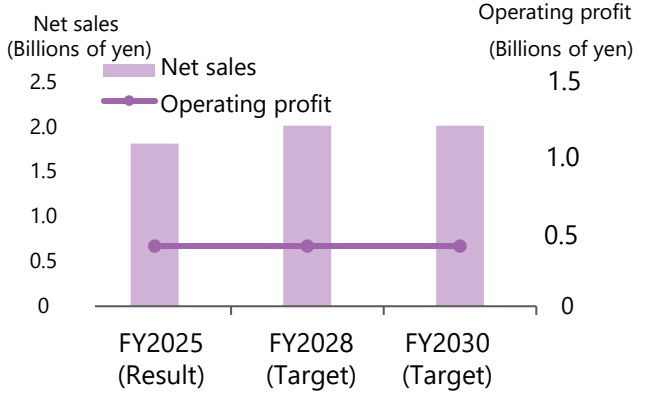
- In addition to current agrochemical (herbicides) usage for home gardening, railways, woodlands, and golf courses, developing new markets including public infrastructure facilities
- In agricultural materials (oxygen supply materials), in addition to preventing moisture damage, develop and propose practical applications by demonstrating effects as soil environment improvement agents.
  Expanding sales to large-scale farming and wet-land rice farming [discontinuous]

Logistics Segment

Logistics Business

- Warehousing (hazardous substances and chemicals/general goods)
- Consigned freight forwarding
- ISO tank container storage services





- As a warehousing business that specializes in handling hazardous and toxic materials at our domestic chemical plants, capture stable demand and maintain earnings base
- Strengthening ability to capture demand by building new automatic multi-level warehouse (Yokohama), expanding ISO tank container maintenance business (Nanyo), and expanding fixed temperature warehouse for hazardous materials (Koriyama) [discontinuous]

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Shareholder Returns Emphasizing Capital Efficiency

- To achieve an ROE that exceeds the cost of capital, proactively investing for growth while paying stable and appropriate dividend

	Previous	New Medium-Term Management Plan period
Shareholder returns policy	Paying stable dividends with DOE in mind FY2021 through FY2025	**DOE of at least 3.0%** by FY2030 through shift from continuous dividend increases to progressive dividend policy FY2026 through FY2030
Dividend amount	Approx. 3.0 billion yen (Five-year cumulative for period covered by previous medium-term management plan)	At least 6.0 billion yen Five-year cumulative for period covered by new medium-term management plan
Approach to shareholder returns	● Prioritizing the balance between growth investments, shareholder returns, and retained earnings, with aim of maximizing capital efficiency that contributes to enhancing corporate value ● Paying stable dividends with a focus on DOE, while optimizing capital with due regard to PBR and the cost of capital	● Shareholder returns toward ROE of 6% in FY2028 and 8% in FY2030 ● Continuing progressive dividend policy to achieve both capital efficiency and growth with optimal balance of growth investments and shareholder returns, aiming for DOE of at least 3.0% by FY2030 ● Flexibly purchasing treasury shares while considering capital market trends, the share price, etc.

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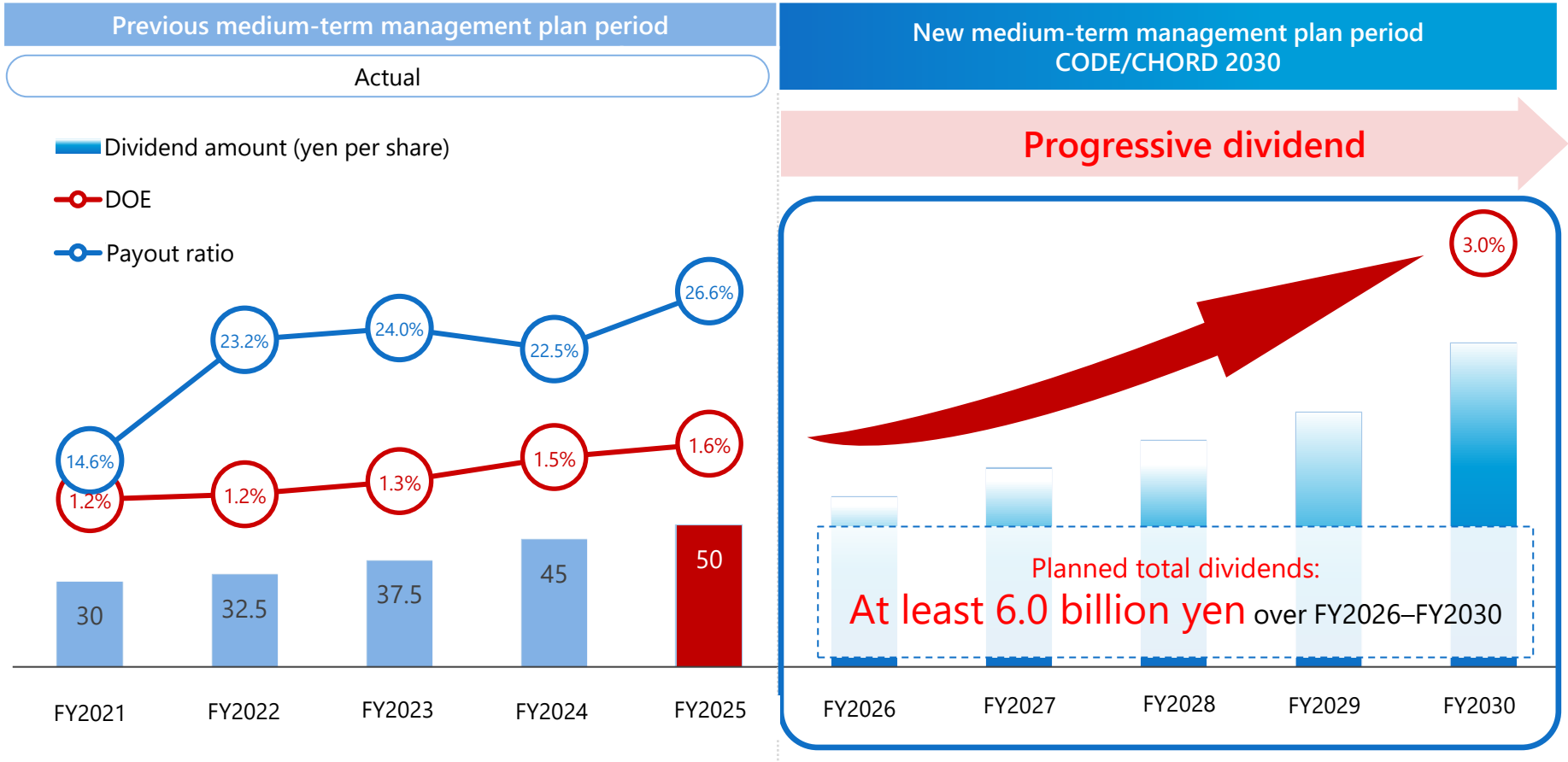
Shareholder Returns Emphasizing Capital Efficiency

- DOE of at least 3.0% by FY2030 through shift from continuous dividend increases to progressive dividend policy for period covered by CODE/CHORD 2030
- Planning to pay aggregate dividends of at least 6.0 billion yen from FY2026 through FY2030

Shareholder returns (actual, plan)



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Cash Flow Allocation

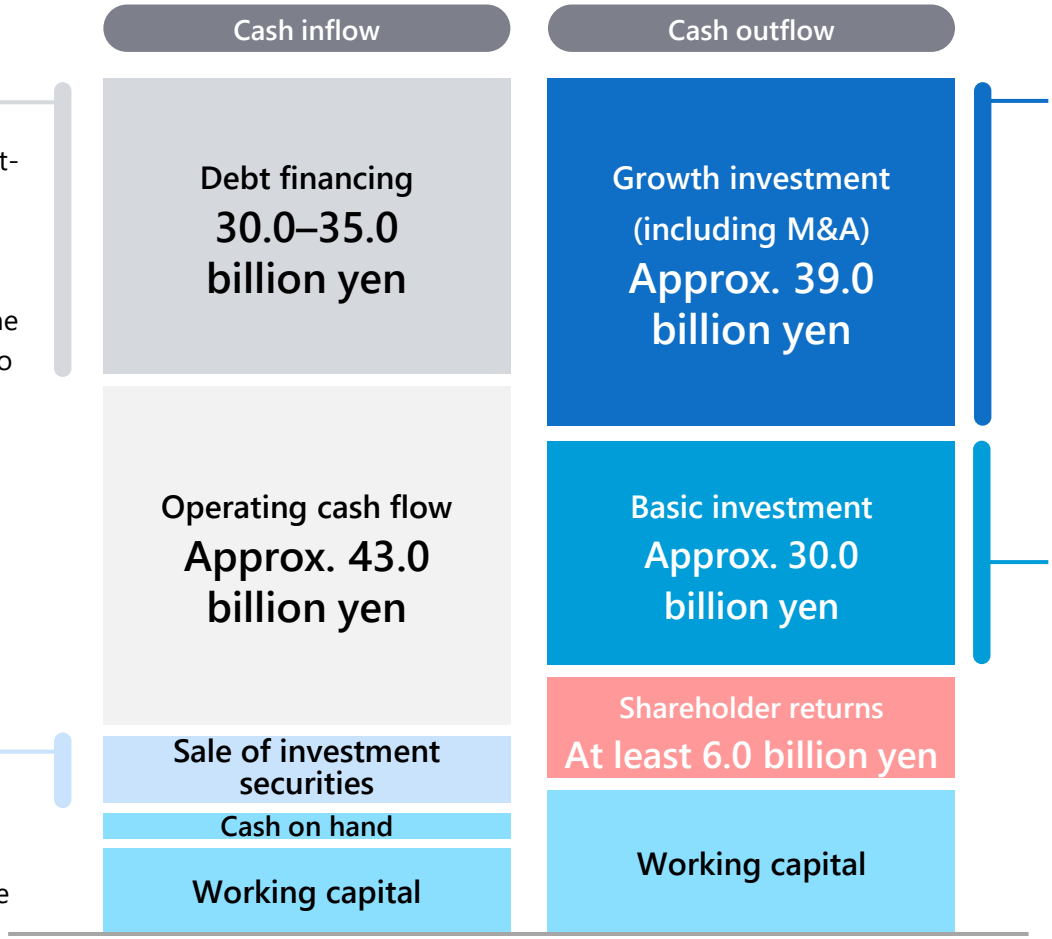
Investing for growth while bolstering shareholder returns, toward continuous growth

Utilization of debt

- Flexibly leveraging interest-bearing debt to capture investment opportunities for growth, while maintaining fiscal discipline by keeping the equity ratio above 40%

Optimization of asset holdings

- Selling assets held (including cross-shareholdings) to optimize asset holdings



FY2026 through FY2030 (five-year cumulative)

Growth investment

- R&D
  (Creation of new businesses and products)
- New business development
  (Nucleic acid medicine CDMO business, semiconductor materials business, etc.)
- M&A, tie-up
  (Framochem acquisition, other tie-ups, etc.)
- New/increased facilities, stronger supply structure
- Co-creation, etc.

Basic investment

- Investment to maintain production
- Introduction of IT infrastructure
- Promotion of digital transformation in manufacturing
- Investment in human capital, etc.

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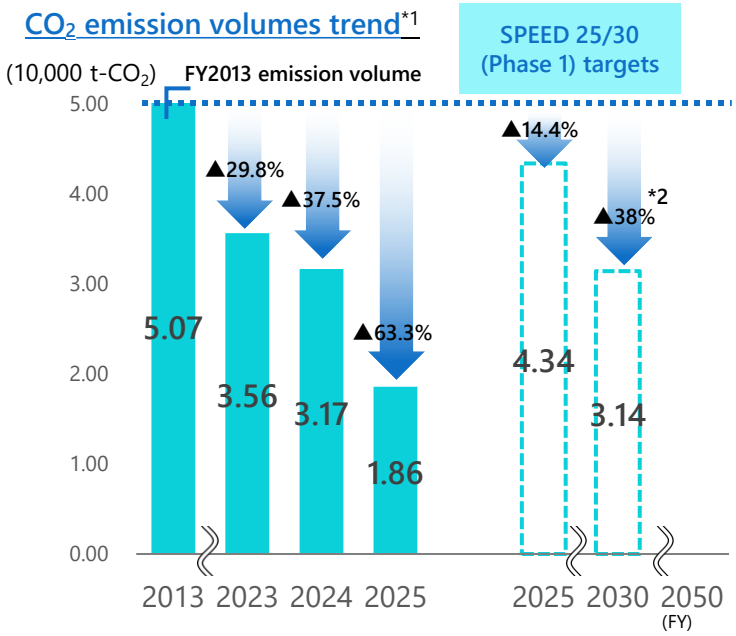
Sustainability

Responding to climate change

- Almost all of Hodogaya's greenhouse gas (GHG) emissions are carbon dioxide.
- FY2025 GHG emission volume was 18,600 t-CO_2,*1 already achieving the target set in SPEED 25/30 (Phase 1).
- Going forward, we will address climate change from the perspectives of both mitigation and adaptation.

CO_2 emission volumes trend*1



1. Does not include non-energy-originated CO_2 emissions
2. FY2030 reduction target is the industry-specific reduction target announced by the government

Environmentally friendly products leading to a sustainable future

Metal-free aluminum coloring dyes

Demand is growing for dyes to color aluminum, a lightweight, strong, and easily recycled metal.
Leveraging our long history of organic synthesis technology, Hodogaya Chemical manufactures and sells metal-free aluminum coloring dyes as environment- and people-friendly dyes that use no heavy metals and excel in light resistance and color affinity.



ODI (Phosgene derivative)

Octadecyl isocyanate (ODI), a raw material for release agents, paints, and coating materials, is made from vegetable oil and fat, and meets the needs of customers from all over the world. Because it is derived from vegetables, it helps control the occurrence of environmental CO_2, which is said to be a cause of climate change. In April 2024, we obtained RSPO certification.*

*RSPO: Roundtable on Sustainable Palm Oil



Peracetic acid formulation

The peracetic acid formulation OXYATTACK (disinfectant agent for food products), a hydrogen peroxide derivative, was introduced into the market in 2017. While having powerful anti-bacterial effects on vegetables, fruit, and meat, it is broken down into acetic acid and water after use, and does not generate chlorine, making it an environmentally friendly product that has won the approval of customers.



Oxygen supply materials (Agricultural materials)

We provide customers with oxygen supply materials that promote healthy growth by supplying oxygen to soil harmed by bad weather and other factors, thereby improving the growing environment for crops as a countermeasure against moisture damage. These environmentally friendly products do not contaminate farmland.



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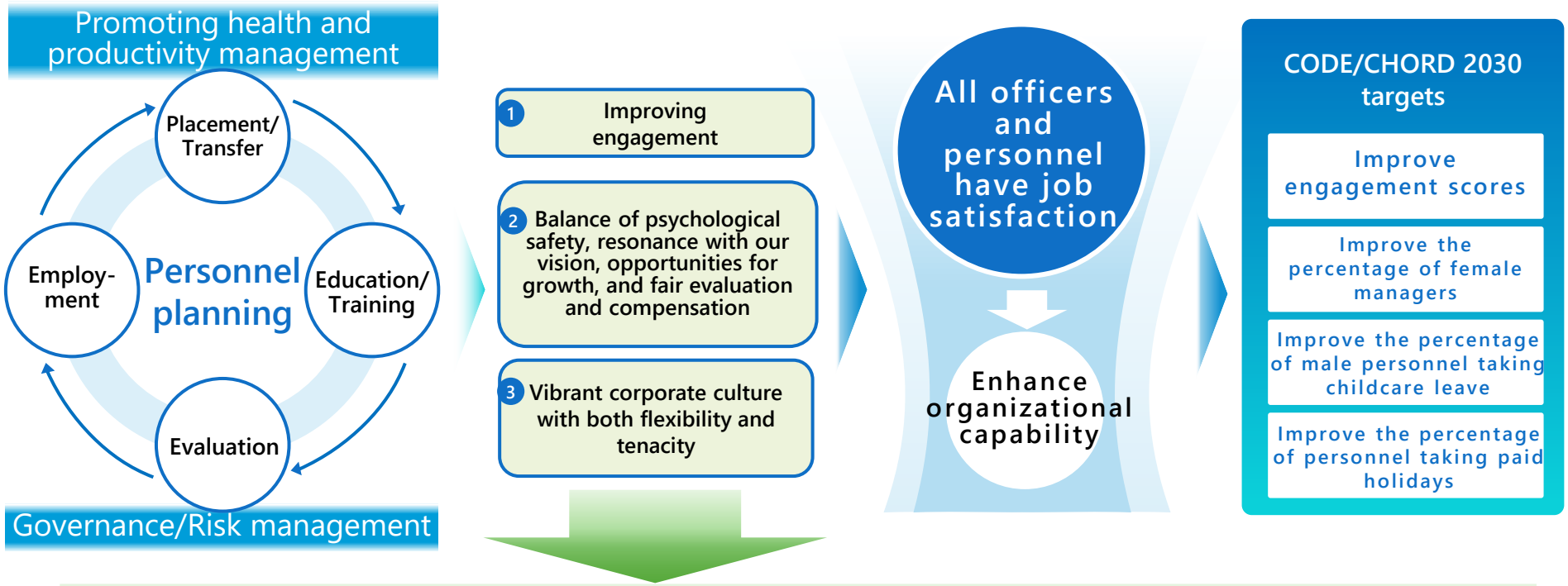
Strengthening Human Capital

- The Hodogaya Chemical Group considers human resources to be the driving force behind Hodogaya's competitiveness and continuous growth, and views investment in human capital as an important management issue for the enhancement of corporate value toward the achievement of our Management Philosophy, Purpose, and Vision.
- Under "CODE/CHORD 2030," we are promoting investment in human capital with the strategic objective of "enhancing our organizational capability so that all officers and personnel can feel job satisfaction (motivation to work + ease of work)".



- Improve engagement so that all officers and personnel have complete faith in the company's future and strategy, and are able to take on issues personally
- Ensure that everyone can speak frankly with peace of mind (psychological safety), move in the same direction (resonance with our Vision), grow through the pursuit of challenges (opportunities for growth), and have those challenges and contributions evaluated fairly (fair evaluation and compensation)
- By leveraging human capital investments, we cultivate an agile workforce—driven by curiosity, originality, and resilience in the face of setbacks—to deliver both corporate and social value.

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FY2026 through FY2030

New Medium-Term Management Plan

コード2030
CODE/CHORD 2030

Refining Originality, Co-creating the Future: With our pioneering DNA, we create value and turn dreams into reality

C Co-creating the future (Collaboration)

O Refining originality (Originality)

D Digital transformation and Pioneering spirit (DX & DNA)

E Environmentally friendly (Environment)

Improve engagement (Engagement)

C Challenge (Three-year transformation) (Challenge)

H Two-year harvest (Harvest)

O Vibrant corporate culture with both flexibility and tenacity (Organization)

R Realization/Reality (Realization)

D Dreams (Dream)

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Disclaimer

- This document contains forecasts and forward-looking statements regarding the Group's business performance and operations based on information available as of the original (Japanese) release date (May 15, 2026).
- These forecasts and forward-looking statements involve various uncertainties and risks, including trends in product supply, demand and market conditions, fluctuations in raw material and fuel prices, exchange rate movements, and changes in the global economic environment, which may therefore result in actual results differing from the information contained herein.

Inquiries

HODOGAYA CHEMICAL CO., LTD.

Corporate Planning Department

+81-3-6852-0327

www.hodogaya.co.jp/english/

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